

Message Text

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E. O. 11652: N/ A

TAGS: ETRN, SP

SUBJECT: CIVAIR - BILATERAL TALKS

1. SUMMARY: US AND SPANISH REPS REACHED AGREEMENT AD REFERENDUM ON TEXT OF BILATERAL UNDERSTANDING COVERING ABC/ TGC CHARTERS. TWO SIDES ALSO DISCUSSED GENERAL QUESTION OF OVERALL CHARTER BILATERAL. PREVIOUS POSITION BOTH SIDES REITERATED, NAMELY, SPANISH WANT INTERIM CONCESSION PRIOR NEGOTIATIONS WHILE USG UNABLE EFFECT CHANGES IN ABSENCE AGREEMENT. SPANISH REP INDICATED GOS MAY APPLY RESTRICTIONS TO US CHARTER OPERATORS.

2. IN MEETINGS HELD JUNE 19-21, US AND SPANISH REPRESENTATIVES REACHED AD REFERENDUM AGREEMENT ON THE TEXT OF AN UNDERSTANDING RELATING TO ABC/ TGC CHARTERS. TEXT FOLLOWS VERY CLOSELY THAT OF US- IRISH DEAL BUT DOES NOT COVER 5 TH

FREEDOM CHARTERS WHICH SPANISH INDICATED WERE NOT PERMITTED
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UNDER SPANISH POLICIES EXCEPT UNDER UNUSUAL CIRCUMSTANCES. AFTER PREPARATION OF SPANISH TEXT BY SPANISH SIDE, NOTES WILL BE EXCHANGED IN WASHINGTON CONFIRMING UNDERSTANDING. COPIES POUCHED.

3. IN INFORMAL MEETING HELD JUNE 20, MESSRS. O' CONNOR, PASTOR, ARENCIBIA, AND AREVELOA FOR THE SPANISH, AND MEADOWS, MINETTI AND MURPHY FOR THE US, EXCHANGED VIEWS ON POSSIBILITY OF REACHING BILATERAL AGREEMENT ON CHARTERS WHICH WOULD PERMIT AN IMPROVEMENT IN THE POSITION OF THE SPANISH CHARTER OPERATORS. O' CONNOR SAID HE WAS UNDER INSTRUCTIONS FROM HIS MINISTER TO GET SOME INTERIM IMPROVEMENT FOR THE SPANISH CHARTER OPERATORS OR AT LEAST TO OBTAIN SOME INDICATION WHAT THE USG WAS PREPARED TO GRANT IN ANY AGREEMENT. HE SAID THAT FAILING SOME ADVANCE MOVE BY US, GOS WOULD PROBABLY APPLY UPLIFT RATIO TO US CHARTER OPERATORS.

4. US REPS POINTED OUT THAT AS PRACTICAL MATTER SPANTAX PROBABLY WAS IN NO DIFFICULTIES IN 1973 IN HANDLING THE 1973 PORTION OF THE 92 FLIGHT HOLIDAIR PROGRAM. ALSO BECAUSE OF THE EX POST FACTO NATURE OF THE CAB'S ENFORCEMENT PROCEDURES, NO ACCOUNTING WOULD ACTUALLY BE UNDERTAKEN UNTIL THE END OF 1974. O' CONNOR ASKED IF USG COULD GIVE ANY COMMITMENT THAT HOLIDAIR PROGRAM COULD BE OPERATED WITHOUT DIFFICULTY. US REPS POINTED OUT THAT NO COMMITMENT WAS POSSIBLE BUT AS PRACTICAL MATTER SPANTAX WOULD APPEAR TO HAVE SOME SCOPE FOR ADDITIONAL US- ORIGIN TRAFFIC. O' CONNOR COMMENTED THAT EVEN IF THIS WERE SO, IT WOULD NOT ASSIST AVIACO WHICH IS NOW RECEIVING STRONG GOVERNMENT SUPPORT.

5. US REPS EMPHASIZED THERE WAS NO WAY USG COULD MODIFY PRESENT REGULATORY CONTROLS ON SPANISH CARRIERS IN ABSENCE OF AGREEMENT. WITH RESPECT TO ANY POSSIBLE NEGOTIATION THE FOLLOWING US COMMENTS SHOULD BE CONSIDERED: (A) THE USG IS PREPARED AT ANY TIME TO ENTER INTO CONSULTATIONS ON THIS SUBJECT. (B) THE OBJECTIVE OF CONSULTATIONS WOULD BE TO IMPROVE THE POSITION OF THE SPANISH AIRLINES WITH RESPECT TO CHARTERS. (C) EXACT DETAILS AND ARRANGEMENTS FOR SUCH IMPROVEMENT CAN ONLY BE WORKED OUT IN THE LIMITED OFFICIAL USE

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CONTEXT OF CONSULTATIONS. (D) ANY CONCESSIONS FOR SPANISH CARRIERS WOULD BE EXPRESSED IN TERMS OF OPPORTUNITIES RATHER THAN GUARANTEES. (E) CHARTER QUESTION WAS COMPLEX AND BOTH SIDES MUST RECOGNIZE THAT CONSIDERABLE TIME MAY BE REQUIRED TO WORK OUT AN AGREEMENT.

6. WITH RESPECT TO 5(D) ABOVE, O'CONNOR SAID HE WANTED GUARANTEE ON ACTUAL NUMBER OR PERCENTAGE OF FLIGHTS SIMILAR TO THOSE POOLING ARRANGEMENTS SPANISH CARRIERS HAD WITH CERTAIN EUROPEAN COUNTRIES. HOWEVER, HE SAID LATER HE MIGHT ACCEPT THE OPPORTUNITY APPROACH IF ACCOMPANIED BY "SAFETY VALVE" CAPACITY CLAUSE SIMILAR TO SCHEDULED AGREEMENT.

7. IN CONCLUSION O'CONNOR SAID HE WOULD REPORT RESULTS OF DISCUSSION TO HIS MINISTER BUT THAT IT WAS ENTIRELY POSSIBLE

THAT GOS WOULD FIND IT NECESSARY TO APPLY UPLIFT LIMITATIONS TO US CARRIERS IN ORDER TO PROVIDE RECIPROCITY IN THE MARKET.

8. DURING DISCUSSIONS US REPS POINTED OUT THAT US CHARTER POLICIES FOR BILATERAL AGREEMENTS WERE BEING REVIEWED BUT THAT ONE IMPORTANT ELEMENT WAS THE CONNECTION BETWEEN THE ENTITLEMENT OF THE RESPECTIVE NATIONAL CARRIERS TO MARKET ACCESS BASED ON NATIONALITY OF THE TRAFFIC. O'CONNOR WAS CLEARLY DISCOURAGED BY THIS COMMENT WHICH MAY HAVE LED TO HIS STATEMENT ABOUT APPLYING LIMITATIONS TO US CARRIERS. ROGERS

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